



OKLAHOMA GRAIN AND FEED ASSN

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18 September 2006

Agriculture Committee Chairman Goodlatte, Subcommittee on Conservation, Credit, Rural Development and Research Chairman Lucas, and other Distinguished Members of the Committee:

My name is Ladd Lafferty. I am currently a vice-president for Wheeler Brothers Grain Co. in Watonga, OK. Wheeler Brothers is a family owned grain business that was founded in 1917, and I am a fourth generation family member employee of the company.

I am here today to present testimony on behalf of the Oklahoma Grain & Feed Association (commonly known as OGFA). OGFA is the voluntary trade organization of the state's grain and feed industry. Our member's customers are the grain producers of this state, whose success determines the livelihood of our members.

OGFA appreciates the opportunity to present its views regarding the writing of the 2007 Farm Bill.

The topics I am going to address today include: **1)** commodity programs; **2)** land grant institution research; **3)** Conservation Reserve Program (CRP); **4)** Environmental Quality Incentives Program (EQIP) and **5)** crop insurance program reform.

Commodity Programs

Commodity programs should not create artificial markets, which in essence make planting one commodity more financially attractive than another. Planting decisions should be based on prices derived from free market world supply and demand factors. The 1996 Farm Bill, dubbed "Freedom to Farm," went a long way toward correcting these inconsistencies, and we hope future commodity programs continue along the same lines.

Additionally, commodity programs should be geared toward those persons actually farming the ground. A July 2nd, 2006 *Washington Post* article entitled "Farm Programs Pay \$1.3 Billion to People Who Don't Farm" illustrates this point. The article states that in the past 6 years, at least \$1.3 billion in subsidies were paid to individuals who do no farming at all and in many cases there was not a seed planted. The article further states that developers buy farmland and advertise that homeowners can collect farm subsidies on their new backyards.

OGFA recommends that counter-cyclical and loan deficiency payment programs be terminated in the wheat program and that current direct payments be increased. Not only will this get more money in the hands of producers, but it will be “WTO friendly” as it is not a traditional price support program.

Drought and high fuel and fertilizer costs have put many southern plains wheat farmers in financial trouble. To continue our national policy of providing affordable, high quality food to the consumer, these wheat farmers need assistance.

Land Grant Institution Research

We believe land grant institutions should receive more funding for research in genetic crop improvement and in production system efficiencies. In particular, wheat has very little private sector research investment and is thus more reliant on public sector scientific initiatives for research. This in part may be due to foreign consumers’ objection to genetically modified wheat. However, as the world consumer eventually becomes more accepting to the idea of GMO wheat, the research for such will be significantly behind other crops without more public sector research investment.

Conservation Reserve Program (CRP)

Highly productive land should not be taken out of production through government incentives. Whole farm CRP acres have had a devastating effect on rural western Oklahoma due to the combination of acres being taken out of production and payments often going to absentee landowners who contribute little or nothing to local economies. This has an additional effect of establishing barriers to farmers, particularly young farmers trying to become established. The government should not compete for the rental of productive land.

The “25% county acreage maximum” rule needs to be re-examined. For example, in Ellis County, Oklahoma, the number of acres in CRP approaches 50% of the acres that were actually cultivated in 1988. Acres that were included in the old Soil Bank program in the 1950’s were erroneously included in the counting of total acres of farm ground. This allowed the number of CRP acres in many counties to be almost twice the amount that it should have been.

Emphasis on conservation must be changed from a “land and financial retirement program” to one that emphasizes environmental benefits. The focus should be on highly erodible, marginal or environmentally sensitive lands. On productive land, the focus should be on filter strips. Current CRP rules on filter strips, however, do not allow the wheat / stocker producer to use this program because of grazing restrictions. It is not practical for the producer to “fence off” filter strips during the stocker grazing season. The rule needs to be changed to allow grazing of filter strips during the “non-growing” season. Such a change in the rules would be good public policy in that research has shown that filter strips improve run-off water quality by as much as 30 percent regarding nutrients and silt.

Environmental Quality Incentives Program (EQIP)

The EQIP program needs to be modified to get funds into the hands of the “true” producers for real conservation efforts. Landowner use of EQIP funds to simply improve the recreational use of their land is not good use of conservation funds.

Crop Insurance Program Reform

This past Oklahoma wheat harvest, some of our member’s customers experienced instances whereby a Federal Crop Insurance adjuster estimated a producer’s wheat yield at “x”, and the producer decided to not take the insurance payment but instead harvest the wheat for seed. In the end, the field ended up yielding anywhere from “3-4x” above the adjuster’s estimate.

We recommend either the yield estimate part of the program be changed or alternatively allowing the producer to take the insurance payment, but allowing the option of harvesting the crop and repaying the insurance amount. Between a yield estimate made in late March and harvest time in early June, a positive weather pattern can make a significant positive impact on wheat yields.

This concludes my oral statement. I would be pleased to answer any questions you might have.

Ladd Lafferty

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Watonga, OK 73772
580-623-7223

Education

Westminster College - Fulton, MO
B.A. in Business Administration, 1991

University of Oklahoma College of Law - Norman, OK
Juris Doctorate, 1994
Member of the State Bar of Texas

Work History

Wheeler Brothers Grain Co. – Watonga, OK (2002 – present)
- member of the board of directors
- do market analysis to help make directional and spread trading decisions for wheat, corn and beans
- help oversee safety practices and regulation compliance
- programmed database applications for fertilizer work orders, soil sample orders, inbound terminal wheat grades / bin distribution, etc.

Tradigrain S.A. – Geneva Switzerland (2000-2002)
- traded wheat to and from various countries; worked with vessel logistic and documentation personnel to help ensure proper execution; authored a weekly wheat market wire which was distributed to several wheat importers, among others; helped maintain and analyze supply and demand data relating to the world wheat market.

Tradigrain, Inc. – Memphis, TN (1996-2000)
- traded gulf track HRW, center gulf CIF SRW and PNW SWW units; analyzed market data to help team in making directional and spread trading decisions.

Farmland Industries – Kansas City, MO (1995-1996)
- traded cross county milo and corn in central Kansas
- originated milo for an ethanol plant
- originated grain for company terminals

Miscellaneous

Past Board of Director - Watonga Chamber of Commerce
- Vice-President - 2003
- President - 2004

Board of Director - Kiwanis Club of Watonga

Board of Director - Watonga Municipal Airport

Board of Director – Texas Grain & Feed Association

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Ladd Lafferty
Address: P.O. Box 29 Watonga, OK 73772
Telephone: 580-623-7223
Organization you represent (if any): Oklahoma Grain & Feed Assn.

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: _____ Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you:



Signature: _____



9/13/06

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.